

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 H-01
SS-15 NSC-05 /052 W
-----127012 220232Z /64

R 220125Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4007

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E.O. 11652: N/A

TAGS: EAIR, RP

SUBJECT: CIVIL AVIATION: US-GOP AVIATION PROBLEMS

REF: MANILA 12689

1. DURING CALL AUGUST 19 ON PHILIPPINE CAB EXECUTIVE DIRECTOR AGCAOILI TO DISCUSS SPECIAL FUND TAX (REPORTED SEPTTEL), AGCAOILI ASKED EMBOFFS REPORT HIS INFORMAL COMMENTS ON THE SOLUTION OF SEVERAL US-GOP AVIATION PROBLEMS:

A. PAL CARGO FLIGHTS - FTL CHANGE OF EQUIPMENT: TO SOLVE IMPASSE, AGCAOILI ASKED WHETHER USG COULD NOT MAKE FOLLOWING MOVE FIRST AS FACE-SAVING GESTURE TO GOP: USCAB WOULD APPROVE PAL CARGO FLIGHTS TO BE EFFECTIVE ON DATE THAT FTL CHANGE OF EQUIPMENT REQUEST IS GRANTED BY GOP.

B. PANAM FINE: AGCAOILI NOTED THAT PAL HAD PAID A \$25,000 FINE AS A RESULT OF THE DC-10 INCIDENT IN THE UNITED STATES, AND SAID THAT PAL IS NOW PUSHING FOR A FINE ON PANAM OF ONE MILLION PESOS (APPROXIMATELY \$137,000). EMBOFFS REMINDED HIM OF TACIT AGREEMENT FOR ONE-FOR-ONE FINE. HE EMPHASIZED, HOWEVER, THAT QUESTION OF FINE HAS NEVER BEEN PLACED BEFORE PHILIPPINE CAB, AND HE HOPES THAT SITUATION CAN BE
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ARRANGED SO THAT PANAM FINE WILL ALSO BE \$25,000.

C. GOP REQUEST FOR CO-TERMINAL RIGHTS FOR LOS ANGELES: AGCAOILI ASKED WHAT USG WANTED IN RETURN FOR CO-TERMINAL RIGHTS FOR LOS ANGELES. SPECIFICALLY, HE ASKED IF TRAFFIC RIGHTS FOR JAKARTA, SINGAPORE AND HONG KONG (AS REQUESTED BY US CARRIERS), WOULD BE CONSIDERED A FAIR TRADE FOR THE

LOS ANGELES RIGHTS.

D. AGCAOILI ALSO RAISED ISSUE OF ADDITIONAL FREQUENCIES FOR PANAM AND NORTHWEST (SEE REFTEL), AND DISCUSSED POSSIBLE QUID PRO QUO. EMBOFFS REPLIED THAT US CARRIER REPS HAD TOLD US THAT THEIR COMPANIES WERE NOT REPEAT NOT WILLING TO BARGAIN FOR ADDITIONAL FREQUENCIES, BUT WOULD GIVE CAREFUL CONSIDERATION TO GOP OFFER OF ADDITIONAL FREQUENCIES WHEN SUCH AN OFFER WAS MADE.

2. COMMENT: WHILE WE ARE NOT SURE OF AGCAOILI'S AUTHORITY FOR HIS SUGGESTIONS, HE APPEARS SINCERE IN AN ATTEMPT TO SEEK SOLUTIONS TO OUR CIVIL AVIATION PROBLEMS. WE RECOMMEND THAT WE APPROACH THE PROBLEMS AS HE HAS DELINEATED THEM; THAT IS, ONE BY ONE. HIS SUGGESTION IN PARA 1A CONSTITUTES ALREADY A SIGNIFICANT MOVEMENT ON THE PART OF THE GOP, AND AS A FIRST STEP, USCAB MAY WISH TO EXPLORE THE POSSIBILITIES WITH PAL'S LAWYER.

3. ON PARA 1B, RE PANAM CARGO CASE, THERE WAS NO HINT THAT AGCOILI WANTED TO LINK THIS WITH ANY OTHER PROBLEM, AND WE WILL KEEP IT SEPARATE AND FOLLOW UP WITH HIM AT AN APPROPRIATE TIME.

4. ON PARA 1C AND 1D, WE WOULD APPREICATE YOUR COMMENT, BUT SUGGEST THAT WE BE CAUTIOUS ON THIS ISSUE UNTIL THE OTHER LIMITED OFFICIAL USE

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TWO PROBLEMS ARE TAKEN CARE OF. ISSUE OF ADDITIONAL FREQUENCIES MAY BREAK IN THE NEAR FUTURE AS THE HOTELS ARE HURTING BADLY FOR TOURISTS. IN THE MEANTIME, WE DO NEED SOME GUIDANCE IF AGCAOILI ASKS ABOUT PARA 1C. STULL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, EQUIPMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA13055
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770302-0202
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770838/aaaabfmm.tel
Line Count: 99
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f86cfa56-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MANILA 12689
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1528783
Secure: OPEN
Status: NATIVE
Subject: CIVIL AVIATION: US-GOP AVIATION PROBLEMS
TAGS: EAIR, RP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f86cfa56-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009